

## BEFORE THE POSTAL RATE COMMISSION RECEIVED WASHINGTON, D.C. 20268-PP014 3 33 77 199

MAILING ONLINE SERVICE

Docket No. MC98-1

REVISED ATTACHMENTS TO REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PLUNKETT TO INTERROGATORY OCA/USPS-T5-10, AND TO RESPONSE OF WITNESS PLUNKETT TO INTERROGATORY PB/USPS-T5-5 (February 4, 1999)

The United States Postal Service hereby provides a revised attachment to the revised response of witness Plunkett to interrogatory OCA/USPS-T5-10, filed on January 14, 1999. This revision reflects the inclusion of inserter costs, and the addition of \$48,305 in telecommunications cost by witness Lim in response to interrogatory OCA/USPS-ST9-12(b), filed February 2, 1999. The impact of the inclusion of inserter costs is discussed in witness Plunkett's response to interrogatory PB/USPS-T5-5. The impact of witness Lim's change is minor. The changed numbers in the attachment are highlighted.

The first page of the attachment also serves as the revised attachment to witness Plunkett's response to PB/USPS-T5-5. This page is therefore provided twice,



first as an attachment for interrogatory OCA/USPS-T5-10, and second, as a replacement attachment for interrogatory PB/USPS-T5-5.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr. Chief Counsel, Ratemaking

David H. Rubin

475 L'Enfant Plaza West, S.W. Washington, D.C. 20260–1137 (202) 268–2986; Fax –5402 February 4, 1999

Revised February 4, 1999 Page 1

Revenues Including Variable Information Systems Costs

Januarosian Conta	Note	1999 20	70 Total 1999-2000
Impression Costs	Attachment to witness Seckar's updated response		
Total Impression Costs	to hearing question Tr. 7/1733-34, Worksheet 1 line 25		
Fixed Info Systems Costs (BW, 8.5x11 & 8.5x14)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 7	\$ 1,845,942 \$ 3,221,66	4 \$ 5,067,605
Fixed Info Systems Costs (BW, 11x17)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 15	\$ 518,211 \$ 904,41	7 \$ 1,422,628
Fixed Info Systems Costs (Spot Color, 8.5x11 & 8.5x14)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 23	\$ 1,686,464 \$ 2,943,33	3 \$ 4,629,797
Total Impression Costs excl. fixed info systems costs	=(a) - (b) - (c) - (d)		
Paper Costs			
8.5x11 B&W pages 8.5x11 Spot Color pages	USPS T-2A page 9 line 45 USPS T-2A page 10 line 71	541,001,192 944,192,34 433,424,586 756,442,27	
Pages printed on 8.5x11 paper 8.5x11 paper - Price per piece	=(f) + (g)	974,425,778 1,700,634,62	
8.5x11 paper - Total cost	USPS T-2A page 28 =(h) * (i)	\$ 0.0049 \$ 0.005 \$ 4,762,993 \$ 8,578,70	
8.5x14 B&W pages	USPS T-2A page 9 line 49	60,416,029 105,442,19	2 165,858,221
8.5x14 Spot Color pages Pages printed on 8.5x14 paper	USPS T-2A page 10 line 75 =(k) + (l)	48,402,467 84,475,30 108,818,496 189,917,49	
8.5x14 paper - Price per piece	USPS T-2A page 28	108,818,496 189,917,49 \$ 0.0053 \$ 0.005	
8.5x14 paper - Total cost	=(m) * (n)	\$ 580,568 \$ 1,045,67	
11x17 B&W pages	USPS T-2A page 9 line 53	84,417,856 147,331,82	3 231,749,682
11x17 Spot Color pages Pages printed on 11x17 paper	USPS T-2A page 10 line 79 =(p) + (q)	67,631,597 118,035,29 152,049,453 265,367,12	
11x17 paper - Price per piece	USPS T-2A page 28	\$ 0.0102 \$ 0.010	
11x17 paper - Total cost	<b>=</b> (r) * (s)	\$ 1,552,851 \$ 2,796,86	6 \$ 4,349,717
Total Pages Total Paper Cost	=(h) + (m) + (r)	1,235,293,727 2,155,919,23	
	=(j) + (0) + (t)	\$ 6,896,412 \$ 12,421,24	5 \$ 19,317,658
Envelope Costs First-Class Letters	USPS T-2A page 6 line 92	77,672,143 135,558,74	5 213,230,888
Standard Mail (A) Letters	USPS T-2A page 6 line 94	172,640,919 301,304,7	
Total letter size pieces # 10 Envelope no window and logo - Price per piece	=(w) + (x) USPS T-2A page 28	250,313,062 436,863,50 \$ 0.0272 \$ 0.028	
Envelope Costs - letter size pieces	=(y) * (z)	\$ 0.0272 \$ 0.028 \$ 6,820,530 \$ 12,284,57	
First-Class flats	USPS T-2A page 6 line 93	14,072,713 24,560,66	38,633,376
Standard Mail (A) flats	USPS T-2A page 6 line 95	31,279,247 54,590,68	, ,
Total flat size pieces Flat sized envelope no window and no logo - Price per piece	=(bb) + (cc) USPS T-2A page 28	45,351,960 79,151,34 \$ 0.0468 \$ 0.048	
Envelope Costs - flat size pieces	=(dd) * (ee)	\$ 2,122,000 \$ 3,821,97	
Total Envelopes	=(y)+(dd)	295,665,022 516,014,85	
Total Envelope Cost	=(aa) + (ff)	\$ 8,942,530 \$ 16,106,54	4 \$ 25,049,075
Transportation Costs First-Class Letters	USPS T-2A page 6 line 92	77,672,143 135,558,74	.5 213,230,888
First-Class Letters - Transportation cost per piece	USPS T-2A page 7 line 140	\$ 0.00055 \$ 0.0005	4
Total First-Class letter transportation costs	=(ii) * (jj)	\$ 42,594 \$ 73,42	3 \$ 116,017
First-Class flats	USPS T-2A page 6 line 93 USPS T-2A page 7 line 141	14,072,713 24,560,66 \$ 0.00083 \$ 0.0008	
First-Class flats - Transportation cost per piece Total First-Class flats letter transportation costs	=(II) * (mm)	\$ 0.00083 \$ 0.0008 \$ 11,717 \$ 20,19	
Standard Mail (A) Letters	USPS T-2A page 6 line 94	172,640,919 301,304,75	8 473,945,677
Standard Mail (A) Letters - Transportation cost per piece Total Standard Mail (A) letter transportation costs	USPS T-2A page 7 line 142 =(oo) * (pp)	\$ 0.00120 \$ 0.0011 \$ 207,925 \$ 358,42	
,,,		,	•
Standard Mail (A) flats Standard Mail (A) flats - Transportation cost per piece	USPS T-2A page 6 line 95 USPS T-2A page 7 line 143	31,279,247 54,590,68 \$ 0.01586 \$ 0.0156	, ,
Total Standard Mail (A) flat transportation costs	=(rr) * (ss)	\$ 496,104 \$ 855,18	5 \$ 1,351,289
Total Transportation Costs	=(kk) + (nn) + (qq) + (tt)	\$ 758,340 \$ 1,307,22	7 \$ 2,065,567
Inserter Costs	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 3	\$ 8,593,250 \$ 14,882,67	5 \$ 23,475,926
Total Printing, Transportation, and Inserter Costs	=(e) + (v) + (hh) + (uu) +(vv)		
25% Markup on printing and transportation costs	=(ww) * 25%	\$ 18,009,512 \$ 30,663,76	8 \$ 48,673,280
Total Revenue Including Markup	=(ww) + (xx)		
Net Contribution	=(yy)-(ww)		

Revenues Excluding Variable Information Systems Costs

		Note		1999	2000		Total 1999-2000
	Impression Costs	Attachment to witness Seckar's updated response to					
(a)	Total Impression Costs	hearing question Tr. 7/1733-34, Worksheet 1 line 25 Attachment to witness Seckar's updated response to					
		hearing question Tr. 7/1733-34, Worksheet 1 line 7 Rev	•	4.045.040	£ 0.004.664	•	£ 067 60E
(b)	Fixed Info Systems Costs (BW, 8.5x11 & 8.5x14)	1/14/99 Attachment to witness Seckar's updated response to	\$	1,845,942	\$ 3,221,664	\$	5,067,605
		hearing question Tr. 7/1733-34, Worksheet 1 line 15 Rev					
(c)	Fixed Info Systems Costs (BW, 11x17)	1/14/99	\$	518,211	\$ 904,417	\$	1,422,628
		Attachment to witness Secker's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 23 Rev					
(d)	Fixed Info Systems Costs (Spot Color, 8.5x11 & 8.5x14)	1/14/99	\$	1,686,464	\$ 2,943,333	\$	4,629,797
		Attachment to witness Seckar's updated response to hearing guestion Tr. 7/1733-34, Worksheet 1 line 6 Rev					
(e)	Variable Info Systems Costs (BW, 8.5x11 & 8.5x14)	1/14/99					
(-/	,	Attachment to witness Seckar's updated response to					
16	Variable Info Systems Costs (BW, 11x17)	hearing question Tr. 7/1733-34, Worksheet 1 line 14 Rev 1/14/99					
(f)	Valiable lilio Systems Costs (DVV, TTXTT)	Attachment to witness Seckar's updated response to					
		hearing question Tr. 7/1733-34, Worksheet 1 line 22 Rev					
(g)	Variable Info Systems Costs (Spot Color, 8.5x11 & 8.5x14)	1/14/99					
(h)	Total Impression Costs excl. info systems costs	=(a) - (b) - (c) - (d) - (e) - (f) - (g)				_	
	Paper Costs						
	8.5x11 B&W pages	USPS T-2A page 9 line 45		541,001,192	944,192,341 756.442.279		1,485,193,533 1,189,866,865
	8.5x11 Spot Color pages Pages printed on 8.5x11 paper	USPS T-2A page 10 line 71 =(i) + (j)		433,424,586 974,425,778	1,700,634,620		2,675,060,398
(k) (l)	8.5x11 paper - Price per piece	USPS T-2A page 28	\$	0.0049	\$ 0.0050	\$	0.0099
	8.5x11 paper - Total cost	=(k) * (l)	\$	4,762,993	\$ 8,578,708	\$	13,341,702
(n)	8.5x14 B&W pages	USPS T-2A page 9 line 49		60,416,029	105,442,192		165,858,221
	8.5x14 Spot Color pages	USPS T-2A page 10 line 75		48,402,467	84,475,301		132,877,768
	Pages printed on 8.5x14 paper	=(n) + (o)	_	108,818,496	189,917,493		298,735,989
	8.5x14 paper - Price per piece 8.5x14 paper - Total cost	USPS T-2A page 28 =(p) * (r)	\$ \$	0.0053 580,568			0.0108 1,626,240
(r)	8.5x14 paper - Total Dost	-(D) (1)	•	•		•	
	11x17 B&W pages	USPS T-2A page 9 line 53		84,417,856	147,331,826		231,749,682 185,666,892
	11x17 Spot Color pages Pages printed on 11x17 paper	USPS T-2A page 10 line 79 =(s) + (t)		67,631,597 152,049,453	118,035,295 265,367,121		417,416,574
	11x17 paper - Price per piece	USPS T-2A page 28	\$	0.0102	\$ 0.0105		0.0208
	11x17 paper - Total cost	=(u) * (w)	\$	1,552,851	\$ 2,796,866	\$	4,349,717
(x)	Total Pages	=(k) + (p) + (u)		1,235,293,727	2,155,919,234		3,391,212,961
(y)	Total Paper Cost	=(m) + (r) + (w)	\$	6,896,412	\$ 12,421,246	\$	19,317,658
(z)	Envelope Costs First-Class Letters	USPS T-2A page 6 line 92		77,672,143	135,558,745		213,230,888
	Standard Mail (A) Letters	USPS T-2A page 6 line 94		172,640,919	301,304,758		473,945,677
	Total letter size pieces	=(z) + (aa)		250,313,062	436,863,503 \$ 0.0281		687,176,565 0.0554
	# 10 Envelope no window and logo - Price per piece Envelope Costs - letter size pieces	USPS T-2A page 28 =(bb) * (cc)	\$ \$	0.0272 6,820,530			19,105,104
(dd)	Elitatopo essas ista ozo proces						
	First-Class flats	USPS T-2A page 6 line 93 USPS T-2A page 6 line 95		14,072,713 31,279,247	24,560,663 54,590,685		38,633,376 85,869,932
(ff)	Standard Mail (A) flats Total flat size pieces	=(ee) + (ff)		45,351,960	79,151,348		124,503,308
	Flat sized envelope no window and no logo - Price per piece	USPS T-2A page 28	\$	0.0468		_	
(ii)	Envelope Costs - flat size pieces	=(gg) * (hh)	\$	2,122,000	\$ 3,821,971	\$	5,943,971
(ii)	Total Envelopes	=(bb) + (gg)		295,665,022	516,014,851		811,679,873
(kk)	Total Envelope Cost	=(dd) + (ii)	\$	8,942,530	\$ 16,106,544	\$	25,049,075
	Transportation Costs						
(0)	First-Class Letters	USPS T-2A page 6 line 92		77,672,143	135,558,745		213,230,888
	First-Class Letters - Transportation cost per piece	USPS T-2A page 7 line 140	\$	0.00055	\$ 0.00054 \$ 73,423		116,017
(nn)	Total First-Class letter transportation costs	=(il) * (mm)	\$	42,594	\$ 73,423	ð	110,077
(00)	First-Class flats	USPS T-2A page 6 line 93		14,072,713	24,560,663		38,633,376
(pp)	First-Class flats - Transportation cost per piece	USPS T-2A page 7 line 141	\$	0.00083 11,717		¢	31,915
(pp)	Total First-Class flats letter transportation costs	=(oo) * (pp)	\$	11,717	\$ 20,198	Þ	31,310
(rr)	Standard Mail (A) Letters	USPS T-2A page 6 line 94		172,640,919	301,304,758		473,945,677
(ss)	Standard Mail (A) Letters - Transportation cost per piece	USPS T-2A page 7 line 142	\$	0.00120		•	566,347
(tt)	Total Standard Mail (A) letter transportation costs	=(rr) * (ss)	\$	207,925	\$ 358,421	Ф	300,347
(uu)	Standard Mail (A) flats	USPS T-2A page 6 line 95		31,279,247	54,590,685		85,869,932
(vv)	Standard Mail (A) flats - Transportation cost per piece	USPS T-2A page 7 line 143	\$	0.01586			1,351,289
(ww)	Total Standard Mail (A) flat transportation costs	=(uu) * (vv)	\$	496,104	g 030,100	Ψ	1,001,200
(xx)	Total Transportation Costs	=(nn) + (qq) + (tt) + (ww)	\$	758,340	\$ 1,307,227	\$	2,065,567
		Attachment to witness Seckar's updated response to					
(yy)	Inserter Costs	hearing question Tr. 7/1733-34, Worksheet 3	\$	8,593,250	\$ 14,882,676	\$	23,475,926
		- /	\$	66 640 452	\$ 116,646,425	¢	183,256,877
(ZZ)	Total Printing, Transportation, and Inserter Costs	=(h) + (y) + (kk) + (yy)	Ф	00,010,402	ψ 110,040,420	4	
(aaa)	25% Markup on printing and transportation costs	=(zz) * 25%	\$	16,652,613	\$ 29,161,606	\$	45,814,219
(hhh)	Total Revenue including Markup	=(zz) + (aaa)	\$	83,263,065	\$ 145,808,031	\$	229,071,097
			•	16 652 512	\$ 20.161.60e	¢	45,814,219
(ccc)	Net Contribution	=(bbb)-(zz)	\$	16,652,613	\$ 29,161,606	4	40,014,418

Revenues Including Variable Information Systems Costs

Revised February 4, 1999 Page 1

	Note		1999		2000		Total 1999-2000
Impression Costs			1000		2000		Total 1999-2000
Total Impression Costs	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 25	3	2 <b>50</b> 099, 80)	2	este gara	, SZ -	-16] (10) (10) (10) (10)
Fixed Info Systems Costs (BW, 8.5x11 & 8.5x14)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 7	\$	1,845,942	\$	3,221,664	\$	5,067,605
Fixed Info Systems Costs (BW, 11x17)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 15	\$	518,211	\$	904,417	s	1,422,628
Fixed Info Systems Costs (Spot Color, 8.5x11 & 8.5x14)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 23	e \$	1,686,464	\$	2,943,333	\$	4,629,797
Total Impression Costs excl. fixed info systems costs	=(a) - (b) - (c) - (d)	1.5	46,847,513		27,937,379		24784.893 <u>.</u>
Paper Costs							
8.5x11 B&W pages 8.5x11 Spot Color pages	USPS T-2A page 9 line 45 USPS T-2A page 10 line 71		541,001,192 433,424,586		944,192,341 756,442,279		1,485,193,533 1,189,866,865
Pages printed on 8.5x11 paper	=(f)+(g)		974,425,778		,700,634,620		2,675,060,398
8.5x11 paper - Price per piece 8.5x11 paper - Total cost	USPS T-2A page 28	\$	0.0049		0.0050	•	40.044.700
•	=(h) * (i)	\$	4,762,993	•	8,578,708	2	13,341,702
8.5x14 B&W pages 8.5x14 Spot Color pages	USPS T-2A page 9 line 49		60,416,029		105,442,192		165,858,221
Pages printed on 8.5x14 paper	USPS T-2A page 10 line 75 =(k) + (l)		48,402,467 108,818,496		84,475,301 189,917,493		132,877,768 298,735,989
8.5x14 paper - Price per piece	USPS T-2A page 28	\$	0.0053	\$	0.0055		00,000,000
8.5x14 paper - Total cost	=(m) * (n)	\$	580,568	\$	1,045,672	\$	1,626,240
11x17 B&W pages	USPS T-2A page 9 line 53		84,417,856		147,331,826		231,749,682
11x17 Spot Color pages	USPS T-2A page 10 line 79		67,631,597		118,035,295		185,666,892
Pages printed on 11x17 paper 11x17 paper - Price per piece	=(p) + (q) USPS T-2A page 28	\$	152,049,453 0.0102		265,367,121 0.0105		417,416,574
11x17 paper - Total cost	=(r) * (s)	\$	1,552,851		2,796,866	\$	4,349,717
Total Pages	=(h) + (m) + (r)		1,235,293,727	2	2,155,919,234		3,391,212,961
Total Paper Cost	=(j)+(n)+(t)	\$			12,421,246	\$	19,317,658
Envelope Costs							
First-Class Letters	USPS T-2A page 6 line 92		77,672,143		135,558,745		213,230,888
Standard Mail (A) Letters Total letter size pieces	USPS T-2A page 6 line 94		172,640,919		301,304,758		473,945,677
# 10 Envelope no window and logo - Price per piece	=(w) + (x) USPS T-2A page 28	\$	250,313,062 0.0272	\$	436,863,503 0.0281		687,176,565
Envelope Costs - letter size pieces	=(y) * (z)	\$	6,820,530	•	12,284,574	\$	19,105,104
First-Class flats	USPS T-2A page 6 line 93		14,072,713		24,560,663		38,633,376
Standard Mail (A) flats	USPS T-2A page 6 line 95		31,279,247		54,590,685		85,869,932
Total flat size pieces Flat sized envelope no window and no logo - Price per piece	±(bb) + (cc) USPS T-2A page 28	s	45,351,960 0.0468	e	79,151,348 0.0483		124,503,308
Envelope Costs - flat size pieces	=(dd) * (ee)	\$	2,122,000		3,821,971	\$	5,943,971
Total Envelopes	=(y) + (dd)		295,665,022		516,014,851		811,679,873
Total Envelope Cost	=(aa) + (ff)	\$	8,942,530		16,106,544	\$	25,049,075
Transportation Costs							
First-Class Letters	USPS T-2A page 6 line 92	_	77,672,143		135,558,745		213,230,888
First-Class Letters - Transportation cost per piece Total First-Class letter transportation costs	USPS T-2A page 7 line 140 =(ii) * (jj)	\$ \$	0.00055 42,594		0.00054 73,423	s	116,017
·		Ť		•		•	•
First-Class flats First-Class flats - Transportation cost per piece	USPS T-2A page 6 line 93 USPS T-2A page 7 line 141	\$	14,072,713 0.00083	æ	24,560,663 0.00082		38,633,376
Total First-Class flats letter transportation costs	=(II) * (mm)	\$	11,717		20,198	\$	31,915
Standard Mail (A) Letters	USPS T-2A page 6 line 94		172,640,919		301,304,758		473,945,677
Standard Mail (A) Letters - Transportation cost per piece	USPS T-2A page 7 line 142	\$	0.00120		0.00119		
Total Standard Mail (A) letter transportation costs	=(oo) * (pp)	\$	207,925	\$	358,421	\$	566,347
Standard Mail (A) flats	USPS T-2A page 6 line 95		31,279,247	_	54,590,685		85,869,932
Standard Mail (A) flats - Transportation cost per piece Total Standard Mail (A) flat transportation costs	USPS T-2A page 7 line 143 =(rr) * (ss)	\$ 5	0.01586 496,104		0.01567 855,185	\$	1,351,289
Total Transportation Costs		e					
Total Transportation Costs	=(kk) + (nn) + (qq) + (tt)	\$	758,340	<b>3</b>	1,307,227	>	2,065,567
Inserter Costs	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 3	\$	8,593,250	\$	14,882,676	\$	23,475,926
Total Printing, Transportation, and Inserter Costs	=(e) + (v) + (hh) + (uu) +(vv)	Į S.	72,038,046	ŝ	122,655,073	34	- 3194 693 119.
25% Markup on printing and transportation costs	=(ww) * 25%	\$	18,009,512	\$	30,663,768	\$	48,673,280
Total Revenue including Markup	=(ww) + (xx)	12	90 ∩47:559≊	ie i	453 318 841 <b>2</b>	25 W	243 366 399
						-	
Net Contribution	=(yy)-(ww)	; <b>\$</b>	18,009,512%	4 <b>5</b> į	್ರಿತಿ೦,663,768್ವ	i <b>o</b> io	

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

David H. Rubin

475 L'Enfant Plaza West, S.W. Washington, D.C. 20260–1137 (202) 268–2986; Fax –5402 February 4, 1999